



2019

Year in Review

Antelope Valley-East Kern Water Agency

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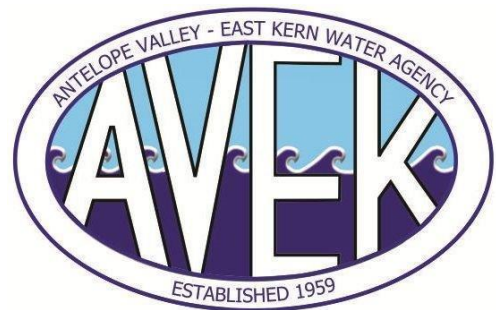


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Message from the General Manager



On behalf of the Antelope Valley-East Kern Water Agency (AVEK), we are pleased to present the 2019 Year in Review.

Reflecting on 2019, the Agency has made great strides in continuing to build resiliency, developing water storage and recovery programs to secure future water supplies. Most notable, Metropolitan Water District signed an agreement with AVEK to fund the Phase I construction of the High Desert Water Bank, which is estimated at \$131 million dollars. The 1500-acre project will have 280,000 acre-feet of storage and annual recharge and recovery of 70,000.

AVEK partnered with the City of Palmdale, Palmdale Water District, L.A. County Waterworks District 40, and the state Department of Water Resources in developing the Upper Amargosa Creek Recharge and Habitat Restoration Project, which became operational in December. With an annual recharge capacity of 1600-2350 acre-feet, this project will use State Water Project supplies to recharge the local aquifer system, restore and enhance habitat for native species, and provide flood protection.

As the water community faces new challenges from threats such as climate change and aging infrastructure, sustainable water storage programs will benefit the agency with a more diverse portfolio of reliable, high quality water supplies and increased operational flexibility.

The Agency met all customer demands, maintained rigorous water quality standards, and optimized processes and infrastructure, completing over \$3 million dollars in asset replacement projects. The formation of a stand-alone maintenance department and continued dedication to staff development and training will ensure the Agency is prepared to pioneer new pathways to meet the needs of our growing population.

I am particularly proud of the fact that the agency has accomplished so much while maintaining a balanced budget and clean financial audits for 6 consecutive years, proof of the Agency's high-level commitment to fiscal responsibility.

As 2020 marks 60 years that the Agency has been in operation, I want to recognize the tremendous ability of our Board and Staff to persevere in an ever-changing environment. As innovators, we have embraced water supply challenges with open minds, adapting to become part of the solution.

About Antelope Valley-East Kern Water Agency

In 1959, AVEK received its charter as a regional water Agency from the California State Legislature, an event that followed the 1953 formation of the Antelope Valley-Feather River Association. The concept was to import surface water supplies from the Feather River.

In 1962 AVEK's Board of Directors signed a contract with the state to secure the delivery of water supplies intended to supplement the local groundwater. **AVEK became the 3rd largest State Water Contractor with an entitlement of 144.844 acre-feet.**

In 1999, AVEK joined forces with Palmdale Water District and Littlerock Creek Irrigation District to form the Antelope Valley State Water Contractor's Association (AVSWCA), a joint powers authority. Together, the agencies optimize the use of water resources, protect surface water and groundwater storage.

Importing Water Through the State Water Project

Imported water is delivered to AVEK through the State Water Project (SWP) facilities.

- Initial funds for construction of the SWP were obtained through a \$1.75 billion bond ratified by California voters in 1960.
- The SWP begins on the Feather River where runoff is stored behind Oroville Dam. The water then flows down natural channels to the Sacramento-San Joaquin Delta.
- Oroville Dam is the largest of 20 SWP storage reservoirs. It has a capacity of 3.5 million acre-feet of water.

"The mission of AVEK is to deliver reliable, sustainable and high-quality supplemental water to the region in a cost-effective and efficient manner"

Service Area

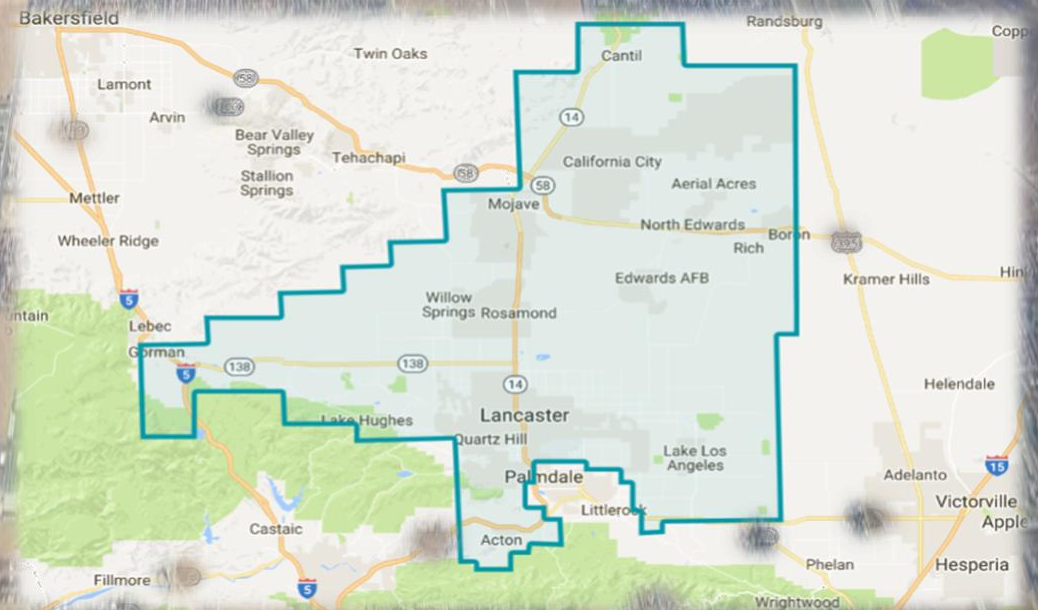
Serving over 20 municipal users along with Edwards Airforce Base, Plant 42 and U.S. Borax, AVEK's more than **2400 square mile territory** includes portions of Los Angeles, Kern and Ventura Counties.

The Agency serves a population of over 500,000 people.

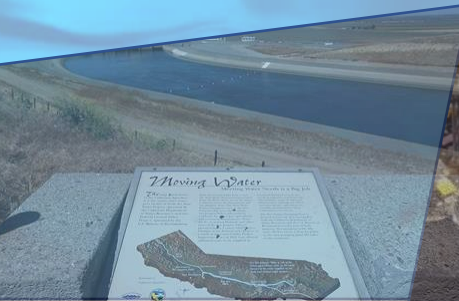
The bulk of the water imported by AVEK is treated and distributed to customers throughout its service area through Domestic-Agricultural Water Network (DAWN) project facilities. AVEK's current infrastructure includes:

- 120 miles of water distribution pipeline
- Five water storage reservoirs with capacity for 11 million gallons of water
- Four water treatment facilities
- A state-of-the-art laboratory

Additionally, AVEK maintains 3 water storage projects, the Westside, Eastside and High Desert Water Banks



Department Highlights



Bond Ratings



In 2019, AVEK maintained its high bond ratings from S&P Global (AA) and Moody's (A1), two companies that rank government bond issues on the organization's financial stability and operating outlook when seeking to secure bonds for specific projects.

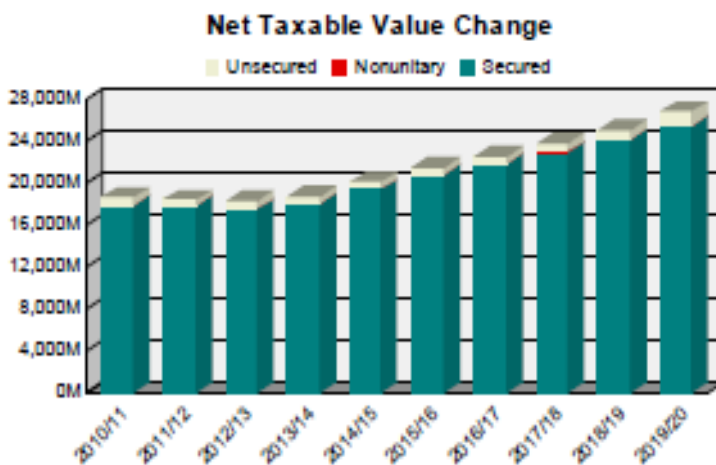
In March 2019, the Annual Report for COP and Bond covenant compliance reporting was completed. This report discusses the Agency's service area and water system operations as well as current and historical information on water sources and supply, water demand and deliveries and operating results. This report is submitted to the Municipal Securities Rulemaking Board (MSRB) through the EMMA system as part of the ongoing compliance requirements for the Agency's outstanding bond issues.

Budget

The Agency maintained a balanced budget and in August 2019, the Board approved the 2019/2020 Operating and Capital Budgets at a workshop held to present and discuss the Budgets. The 2019/2020 Operating Budget anticipates an increase to the Agency's net position of \$9,313,409 and anticipates reserves of \$105,419,171 at June 30, 2020.

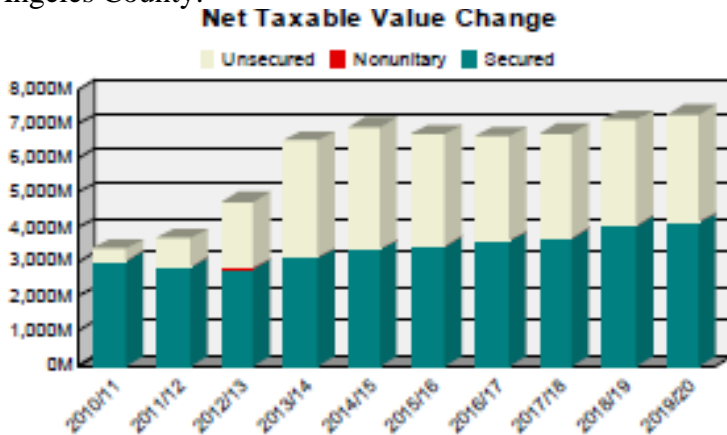
2019/20 Property Tax Summary

The Agencies boundaries fall within Los Angeles, Kern and Ventura Counties and the Agency assesses taxes on property within the service boundary for the payment of the California State Water Project.



LA County: The Agency experienced a net taxable value increase of 6.7% for the 2019/20 tax roll, which was slightly more than the increase experienced countywide at 6.3%. The assessed value increase between 2018/19 and 2019/20 was \$1.7 billion. The change attributed to the 2% Proposition 13 inflation

adjustment was \$400 million, which accounted for 24% of all growth experienced in the Agency in Los Angeles County.



Kern County: The Agency also experienced a net taxable value increase in Kern County of 2.1% for the 2019/20 tax roll, which was a little less than the increase experienced countywide at 4.3%. The assessed value increase between 2018/19 and 2019/20 was \$146 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$53.5 million, which accounted for 37% of all growth experienced in the Agency for Kern County.

The following tables identify the type of property assessments for each county and the 2019/20 value change.

LA County:

Year to Year Value Change by Use Category		
Category	\$ Change	% Change
Residential	\$1,130,063,724	6.66%
Commercial	\$116,879,500	4.58%
Industrial	-\$137,455,042	-12.74%
Dry Farm	-\$58,343	-1.10%
Govt. Owned	\$11,676	2.00%
Institutional	\$30,818,357	8.69%
Irrigated	\$1,000,499	1.52%
Miscellaneous	\$3,528,386	7.72%
Recreational	\$606,492	0.71%
Unknown	\$0	0.00%
Vacant	\$34,000,235	1.23%
SBE Nonunitary	\$204	0.01%
Cross Reference	\$40,995,918	14.19%
Unsecured	\$471,205,448	53.91%

Kern County:

<u>Category</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	\$131,927,801	8.50%
Commercial	\$5,177,284	3.03%
Industrial	\$7,431,514	6.50%
Dry Farm	\$68,098	1.23%
Govt. Owned	\$917,798	9.31%
Institutional	\$3,142,965	2.01%
Irrigated	\$613,613	2.66%
Miscellaneous	-\$83,858,937	-5.92%
Recreational	\$2,389,187	7.47%
Vacant	\$13,643,000	2.30%
SBE Nonunitary	\$0	0.00%
Unsecured	\$64,780,923	2.12%

Auditing

For the past six consecutive years, independent auditors gave AVEK a clean bill of health when scrutinizing the Agency's financial statements and related records. An audit of the Agency's financial statements for the fiscal year ending June 30, 2019 was completed in September 2019. Auditors issued their report with an unqualified opinion on the Agency's financial statements. An unqualified opinion is the best report that can be received and means that the auditor determined that the financial statements were free of any material misrepresentations and are maintained in accordance with Generally Accepted Accounting Principles (GAAP). The auditor also issued a report on internal controls which states that no internal control deficiencies or findings considered to be material weaknesses were identified.

Independent Auditors' Report



BURKEY COX EVANS & BRADFORD ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Antelope Valley-East Kern Water Agency
Palmdale, California

We have audited the accompanying financial statements of the business-type activities of Antelope Valley-East Kern Water Agency (the Agency) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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MEMBER: AMERICAN INSTITUTE AND CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, Other Post Employment Benefit Plan – Schedule of Funding Progress on pages 35, and budgetary comparison information on page 36 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, on our consideration of the Antelope Valley-East Kern Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



BURKEY COX EVANS & BRADFORD
Accountancy Corporation

Palmdale, California
October 2, 2019

Financial Statements

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2019**

ASSETS	<u>ENTERPRISE FUND</u> <u>JUNE 30, 2019</u>
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 2,060,759
Investments	105,403,019
Receivables:	
Taxes	3,434,302
Interest	567,520
Services	6,627,153
Other	54,672
Inventory - Banked Water	21,155,047
Deposits and Prepaid Expenses	61,520
Total Current Assets	<u>139,363,992</u>
NON-CURRENT ASSETS	
Property, Plant and Equipment, Net of Accumulated Depreciation	<u>328,780,811</u>
OTHER NON-CURRENT ASSETS	
Investments - Restricted	<u>2,550,775</u>
Total Other Non-Current Assets	<u>2,550,775</u>
Total Non-Current Assets	<u>331,331,586</u>
Total Assets	<u>470,695,578</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,945,683
Accrued Liabilities	495,587
Current Portion of Long-Term Debt	5,442,569
Collections in Advance on Projects	174,856
Compensated Absences	1,233,695
Escheated Funds	42,155
Total Current Liabilities	<u>10,334,545</u>
LONG-TERM LIABILITIES	
Payable from Restricted Assets	2,550,775
Deferred Water Delivery	235,536
Post Employment Benefit Liability	8,640,678
Certificates of Participation, Series 2008A-2	45,000,000
Water Revenue Refunding Bonds, 2016	67,907,505
CREBs Revenue Bonds 2017	13,450,000
Total Long-Term Liabilities	<u>137,784,494</u>
Total Liabilities	<u>148,119,039</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	196,980,737
Unrestricted	125,595,802
Total Net Position	<u>\$ 322,576,539</u>

The accompanying notes are an integral part of these financial statements.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

		<u>ENTERPRISE FUND</u>
		<u>JUNE 30, 2019</u>
OPERATING REVENUES		
Water Sales		\$ 26,262,133
Water Exchanges and Transfers		9,300,000
Irrigation Sales		751,233
Nickel Water Agreements		2,348,740
Total Operating Revenues		38,662,106
OPERATING EXPENSES		
Water Purchases		10,826,803
Pumping		1,215,298
Water Treatment		5,084,883
Transmission and Distribution		484,037
Administration and General		6,527,592
Groundwater Survey and Sites Reservoir		119,651
Conservation		47,408
Depreciation		6,762,565
Total Operating Expenses		31,068,237
Operating Income (Loss)		7,593,869
NON-OPERATING REVENUES		
Tax Revenues		32,150,494
Net Investment Earnings		3,099,896
Other Revenues		3,199,791
Capacity Charges		599,847
Total Non-Operating Revenues		39,050,028
NON-OPERATING EXPENSES		
State Water Contract		20,297,087
Interest Expense		3,503,109
Total Non-Operating Expenses		23,800,196
Non-Operating Income		15,249,832
Increase (Decrease) in Net Position		22,843,701
NET POSITION - BEGINNING OF YEAR		299,732,838
NET POSITION - END OF YEAR		\$ 322,576,539

The accompanying notes are an integral part of these financial statements.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>ENTERPRISE FUND</u> <u>JUNE 30, 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 35,574,546
Cash Paid for Supplies to Suppliers	(19,024,675)
Cash Paid to Employees	(4,738,976)
Net Cash Provided (Used) by Operating Activities	<u>11,810,895</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipt of Property Taxes	32,596,606
Receipt of Capacity Charges and Other Revenue	3,799,638
Payment of State Water Contract	(20,297,087)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>16,099,157</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Property and Equipment	(6,620,270)
Proceeds from Disposal of Property and Equipment	354,831
Principal Repayment of Bonds Payable	(5,310,288)
Borrowings of Restricted Debt and Projects	(372,980)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,948,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest and Investment Income	2,872,946
Payment of Interest Expense	(3,514,178)
Disposition (Acquisition) of Investments	(16,974,080)
Net Cash Provided (Used) by Investing Activities	<u>(17,615,312)</u>
Net Change in Cash and Cash Equivalents	(1,653,967)
Cash and Cash Equivalents - Beginning	6,265,501
Cash and Cash Equivalents - Ending	<u>\$ 4,611,534</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents - Unrestricted	\$ 2,060,759
Cash and Cash Equivalents - Restricted	2,550,775
Total Cash	<u>\$ 4,611,534</u>

The accompanying notes are an integral part of these financial statements.

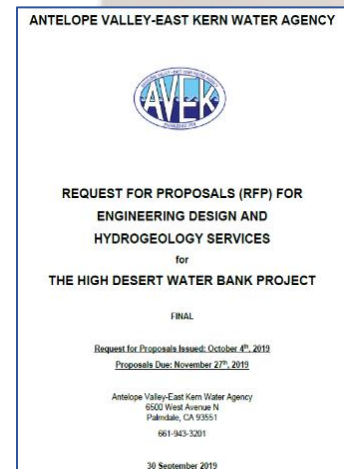
**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>ENTERPRISE FUND</u>
	<u>JUNE 30, 2019</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 7,593,869
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	6,762,565
Changes in Assets - (Increase)/Decrease in:	
Services Receivable	(19,385)
Other Receivables	258,675
Inventory	(2,163,256)
Deposits and Prepaid Expenses	3,386,594
Changes in Liabilities - Increase/(Decrease) in:	
Accounts Payable	(1,679,654)
Accrued Liabilities	39,179
Compensated Absences	111,808
Deferred Water Delivery	(3,326,850)
Other Postemployment Benefit Obligations	847,350
Net Cash Provided (Used) by Operating Activities	\$ 11,810,895

The accompanying notes are an integral part of these financial statements.

Construction projects

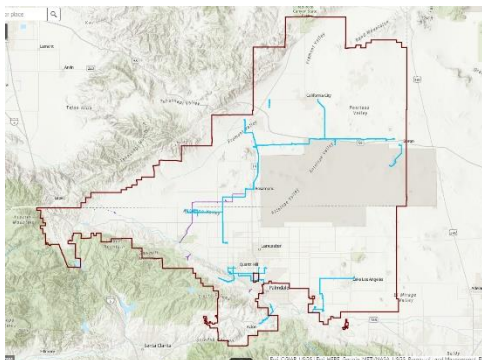
2019 saw the completion of two partnership water banking projects – the AVSCA’s Big Rock Creek Recharge Pilot test, where a total of 688 acre-feet were recharged by the partners in CY2019, and the Upper Amargosa Creek Recharge Project which can store up to 18,000 acre-feet per year, of which AVEK’s share is 50%.



Planning

A major milestone was achieved for the High Desert Water Bank project when the Requests for Proposals for Engineering Design and Hydrogeology Services was advertised in October. The Agency received proposals from five very well qualified firms and invited three of them to interview in January 2020. A firm should be selected by March 2020 with construction beginning within 12-18 months

Information Technology



Several IT projects were completed in 2019 including a network segmentation project to further secure the Agency’s network environment, a document management procedure to streamline and standardize file management, and implementation of a water accounting software to simplify customer billing and water use tracking and reporting. In a step toward future proofing the Agency’s treatment operations, the Supervisory Control and Data Acquisition (SCADA) Upgrade Phase 1 project was completed where over 60 outdated PLCs were replaced in preparation for selection and implementation of a new SCADA system. Finally, the Agency implemented a new Geographical Information System (GIS) software system which has allowed Engineering staff the ability to create beautiful maps and exhibits, and quicker edits and additions to the infrastructure at half the cost of the third-party GIS software used previously.

Operations and Maintenance

Water Treatment and Banking



In 2019 the Operations Department maintained a consistent supply of treated water in all distribution systems that met all customer demands and exceeded all SWRCB requirements. By optimizing the treatment process in all facilities and maintaining efficient reservoir levels and chlorine residuals, THM levels were well below AVEK's self-imposed target goals.

During the summer, when raw water quality is the most challenging, Operations staff worked diligently to ensure treated water quality targets and customer demands were consistently met.

Operations staff has been instrumental in logging data from the High Desert Water Bank Project monitoring wells along with continual development of new recharge ponds at the Westside Water Bank facility. Operations was able to add over 40,000 acre-feet to AVEK's water banks.



Capital Projects

Maintenance and asset replacement have been a large focus of the Operations crew for the past 13 years. In 2019, Operations completed over \$3,235,000 million of capital/asset replacement projects

including: GAC replacement in half of the filters at QHWTP, rehabilitation of large sections of the North Feeder, rehabilitation of multiple sodium hypochlorite tanks, purchase of four 500kW Caterpillar portable generators and a 2020 Freightliner M2-106 diesel tow vehicle to transport these units. Operations staff also took delivery of a 2020 Freightliner 108SD/4000-gallon water truck to be used primarily at the Westside Water Bank for berm and road repairs.

A stand-alone Maintenance Department has been approved by the Board of Directors and Management staff has scheduled interviews to fill approved positions

Training and Staff

Staff received hundreds of hours of safety, skill and management training. A cross-training program has also been developed to enable Operators to become skilled at all jobs, situations and maintenance issues they will be confronted with at the facilities.

The development of a stand-alone Maintenance Department will provide opportunities for promotion and advancement. With the approval of a second Assistant Manager of Operations (Water Banking and Maintenance) position, succession planning is also accomplished.

In summary, while Operations is made up of many 'moving parts' and responsibilities, the accomplishments we strive for daily, monthly and annually are providing water that meets all regulatory requirements and customer demands, maintaining a safe and friendly work environment, and providing Operations employees opportunities for personal growth and advancement. In this, 2019 was a very successful year.

Water Resources

Annual Reporting – 2019

3/5/2020

In 2019, the Water Resources Management Department saw its highest known level of State Water Project (SWP) exchanges and transfers. Regular coordination with other State Water Contractors, Agency partners, and the Dept. of Water Resources was critical in helping to closeout these transactions at year’s end. Updates to the new water delivery reporting and billing software were initiated in mid-2019 and will be finalized in 2020. An increased effort was made this year to fulfill the required accuracy of reporting to internal management, Agency customers, and to the local Watermaster overseeing the adjudicated groundwater basin of the Antelope Valley. Additional projects for the department included supporting Agency and partner recharge and recovery efforts, updating water service agreements and Agency Rules and Regulations for water delivery, and public outreach efforts.

AVEK Water Supply & Demand

Exchanges/Transfers

The department is responsible for managing all water exchanges and transfers between AVEK and other State Water Contractors, Agency Customers, and other public or private water interests in California. In 2019, over 66,000 Acre-Feet of water was delivered to/from other entities. A healthy Statewide hydrology and increased allocation from the California Aqueduct supported transfers of surplus water to two farming interest in the Central Valley which allowed AVEK to recover nearly \$9.7 Million in 2019.

2019							
2/4/2020							
AVEK Transfer/Exchange							
Partner	Description	Agreement Amt (AF)	Scheduled Amt (AF)	Deliv. Amt (EOM AF to date)	Deliv. Balance (EOM AF to date)	% Complete	\$
Central Coast WA	Table A Return	3,859	1,319	1,319	2,540	90%	
Central Coast WA	Table A Return						
Central Coast WA	Reclassify Table A Return						
City of Palmdale	Annual Nickel Water Transfer						
Homer LLC	Common L/O Transfer						
Homer LLC							
Homer LLC							
Irvine RA							



Supply & Demand Reporting

The Department oversees development and oversight of several Water Supply/Demand planning, monitoring, and reporting documents for distribution. In 2019, the below documents were updated and improved for accuracy with the stated benefit(s) realized:

- AVEK Monthly Water Meter Reading Report – 2019 was the beginning of the transition into the use of an improved meter reading, usage, billing, and reporting software called Latis. The department supports both old and new delivery reporting systems in parallel in order to ensure accuracy in obtained in the final product.
- AVEK Monthly Water Delivery Report – The annual internal review of Customer meter accuracy and usage calculations led to the capture of over \$360,000 in additional water sales for the Agency.
- Annual Imported Water deliveries, groundwater production, and return flows for AVEK and its Customers as reported to the Antelope Valley Watermaster (AVW) – Used in public stating of Annual AVW Report, State required reporting, and internal water resource planning.
- Water Supply/Demand Plan 2019/2020 – Department gives a regular summary to Agency administration and operations departments of AVEK’s ability to deliver, bank, and transfer/exchange water given current and projected supply scenarios.
- Transfer/Exchanges Tracking - The department reviewed and developed initial documents as required for approximately (18) water transfers/exchanges throughout the year. A summary of activity was presented to Agency management.
- Tejon Ranch Co. (TRC) Water Supply Summary – Assisting TRC with their annual water supply portfolio in 2019 including fulfilled obligations, transfer of annual Table A supply, and groundwater transfer planning.

The image shows a screenshot of the AVEK Water Agency - Customer Water Delivery Report for 2019, dated 1/9/2020. The report is a table with columns for 'NAME & LOCATION' and 'BILLING MONTH' (Jan-19 to Dec-19), plus a 'Total' column. It lists various water delivery points and their monthly usage in cubic feet.

NAME & LOCATION	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
West Feeder - AVEK Meter Reads													
South Feeder - AVEK Meter Reads													
PALMDALE WD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LACWWD 34-9	6.34	5.30	6.28	5.13	5.01	5.64	9.21	16.54	4.67	2.86	6.83	5.64	79.44
AV COUNTRY CLUB	0.00	0.00	18.77	23.10	0.00	15.52	16.94	21.15	7.34	0.00	0.00	0.00	102.81
LACWWD 34-7	127.21	180.67	290.99	428.64	433.85	720.81	665.03	841.49	588.57	481.11	443.14	202.65	5,403.56
WEST SIDE PARK MWCC	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
EL NORADO MWCC	0.50	0.50	0.00	10.18	1.22	0.50	0.75	0.00	0.00	0.00	0.00	0.00	13.63

Below the report is a screenshot of the Latis Water Information Management System interface. The interface includes a navigation menu with options like 'Maintain', 'Operations', 'Financial', and 'Administration'. A search bar is visible, and a table displays meter readings for various vaults (e.g., WWB 7.5R Vault, WWB 7.0L Vault). A large graphic of water splashing is featured in the background of the Latis logo area. The logo text reads: 'Latis Water Information Management System, Antelope Valley-East Kern Water Agency, Version: 1.16.2.0, © 2019 Avadine, OS Version: Microsoft/Windows 10 Pro'. At the bottom, there are sections for 'CUSTOMER NAME' (AVEK Water Agency) and 'SERVICE LOCATION' (AVEK Operations).

Local Recharge & Recovery

Another milestone for AVEK and its partners in 2019 was the completion and initial recharge operation of the Upper Amargosa Recharge Project. The department finalized DWR-related agreements and helped to establish operational parameters with project partners.

The AV State Water Contractors Assoc. pilot recharge project at Big Rock Creek Siphon area again required the department to establish and finalize multiple DWR and partner-related agreements for recharge of a total of 690 Acre-Feet in 2019 (245 Acre-Feet allocated to AVEK). Local precipitation effecting the performance of the recharge led to an early halting of the project.



Outreach

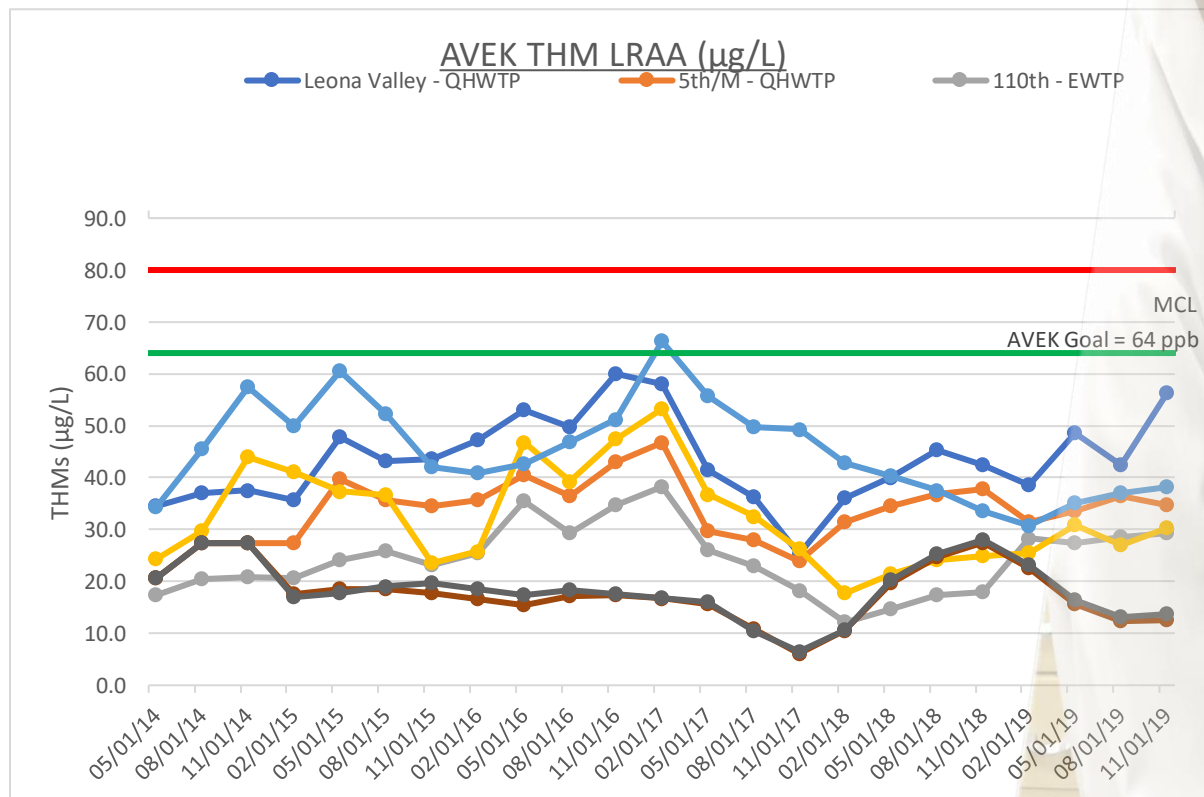
In supporting public outreach/education, presentations for local and statewide water interest groups were created and/or presented including exhibits for the regular board meetings, regional committees (e.g. AVBOT, AVSWCA). The 2019 Water Expo (as part of the AV Fair home Show) was managed by AVEK's Water Resources and Human Resources departments.

Laboratory

Water Quality

In 2019 the Laboratory once again distributed the Annual Water Quality Report to our customers ahead of schedule, allowing them extra time to complete their Consumer Confidence Reports and supply them to their retail customers. All water quality parameters for the Agency met or exceeded State and Federal standards.

Our in-house THM monitoring program proved essential again as we were able to track THM levels between compliance cycles throughout the year to ensure our goal of providing our customers with a minimum 20% buffer for their own THM compliance was met. The highest running annual average at any given site throughout the year was 56 $\mu\text{g/L}$ (30% below the MCL) and we finished the year with maximum running annual averages of 14 $\mu\text{g/L}$ (83% below the MCL) in our Kern County system and 56 $\mu\text{g/L}$ (30% below the MCL) in our LA County system.



Staff

The biggest undertaking for the Laboratory in 2019 was the transitioning of Laboratory Manager and the hiring of two new staff members. Both Taylor Dranow and Jasmine Preza have obtained their

Water Quality Analyst I and II certifications and have passed their probation period to become permanent employees in the position of Senior Laboratory Technician. They have been successfully trained on all practices and policies of the Laboratory and are an integral part of the AVEK team.



Milestones

- Completing all blind performance evaluation tests required by ELAP to maintain our certification with a 100% pass rate
- Algal toxin analysis of AVEK raw and finished water samples in which all finished water was non-detect
- PFAS samples were collected from one location at each of our well sites. All results were non-detect
- Updates to our Quality Assurance manual to comply with upcoming changes in ELAP regulations

Human Resources

STAFFING

AVEK conducted seven new recruitments in 2019 and positions were offered to both internal applicants and external applications. One of the recruitments was to replace the Laboratory Manager; and six were to back fill vacates from employees that left the Agency's employment. Two current vacancies for Treatment Plant Operator will be filled in 2020.

The Agency ended 2019 with 42 full time employees.

TRAINING & SAFETY



Human Resources has implemented a plan to increase employee training to stay abreast of current laws and practices and new technology. Training was introduced in various formats; in-person sessions, virtual classroom training and on-line courses. Four (4) employees completed the Management and Supervisory Leadership Training Program; a three-day workshop offered by the Public Utilities and

Waterworks Management Institute. Other training included Sexual Harassment, Right-to-Know, HazMat, Confined Space, Drone Operator Training and Clay-Val Workshop.

The agency received three (3) President's Special Recognition awards from the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). The awards recognized the Agency for minimizing risks to achieve a loss ratio of less than 20% for the Liability, Property, and Workers' Compensation Insurance programs.



The department was awarded a Wellness Grant in the amount of \$1800 from Anthem and JPIA. Funds were used to promote sun safety and healthy eating.

BENEFITS

Employee Benefits Open Enrollment for 2020 was conducted from October 1, 2019 through November 1, 2019. There was no aggregate increase to the plan costs except for a 2.8% increase to the Kaiser Plans and 8.8% increase to the Anthem HMO plan.

The Agency offers a variety of medical plans through Anthem Blue Cross and Kaiser with 50% of participants covered by Anthem Blue Cross and 50% covered by Kaiser. Enrollment in the Consumer Driven Health plans (CDHP) increased to 19 participants (up from 12) and their families, saving the Agency \$32,954. As an incentive for employees to enroll in the HSA's the Agency's increase the contribution by \$200 for both plans.

Administration

High Desert Water Bank Program

AVEK finalized and signed a contract with Metropolitan Water District (MWD) to develop the High Desert Water Bank (HDWB) Program. Under the contract, MWD will pay for construction of the HDWB which is estimated at \$131 million. Formed by an innovative partnership, the contract marks a new era for the agency in developing water storage to increase resiliency and supply reliability.

HDWB Outreach

AVEK has directly engaged with potential project partners to discuss possibilities for a multi-phase expansion of HDWB, participating in multiple meetings and tours. Through continuous outreach efforts, stakeholder input will help shape concepts that have the potential to increase state-wide resiliency.



SNIP PH II Project

In July, representatives from the Agency made an inaugural trip to Washington D.C. to meet with legislators for the purpose of identifying new funding sources for the SNIP PH II Project, a pipeline project that will close an infrastructure gap, optimize the utility of stored water, and provide protection from natural disasters. Potential federal funding was identified under section 4007 of the Water Infrastructure Improvements for the Nation ACT (WIIN), authorized by the U.S. Bureau of Reclamation (USBR).

Working with USBR to fulfill a checklist of requirements necessary for the federal appropriations process, the SNIP Project received a Prop 1 consistency determination from the California Water

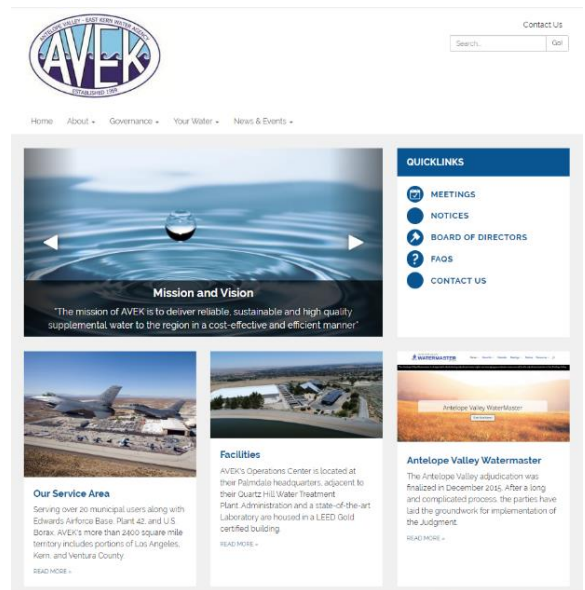
Commission and a letter of support from Governor Gavin Newsom. A Feasibility study was prepared, and a final draft was submitted to USBR. Environmental work was completed

Next steps include Design, Engineering, and Construction Screening from USBR - includes a site visit, in depth budget analysis, and overall technical analysis from USBR staff.



Website

In August, the agency launched a new website, developed using a Content Management System (CMS) that is compliant with the Americans with Disabilities Act (ADA). A new wire frame and landing pages were developed to reflect the most current and relevant information for the Agency, providing a powerful platform for communicating with stakeholders, legislators, and the public.



Emergency Planning

AVEK took an active role in the formation of the Greater Antelope Valley Water Emergency Coalition, a partnership between the cities of Palmdale and Lancaster, Palmdale Water District, Quartz Hill Water

District, and Los Angeles County Waterworks. The group’s purpose is to improve collaboration and communication for emergency preparedness and build resiliency in responding to disasters. To kick off the coalition, inform the region of its formation, and open lines of communication, AVEK participated as a co-sponsor of the Antelope Valley’s first water emergency event held at the Hellenic Center in October. AVEK also participated in the 2019 “Great Shakeout”, a simulated exercise for responding to earthquakes emergencies.

